



**Purchasing Modification
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 39
AGENDA DATE: Thu 07/28/2005
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Two RCAs were submitted to Council seeking, respectively, authorization to negotiate and to execute a contract with WHI. The RCAs addressed only the City's contracting and funding needs. The County's contracting and funding needs were scheduled to be submitted to the Travis County Commissioners Court after negotiations had been completed and the contract had been signed by WHI (in accordance with the County's protocol).

Subsequent to Council authorizing negotiation and execution of this agreement between WHI and the City, the City entered into an Interlocal agreement with the Travis County Hospital District ("District"). Under this Interlocal agreement (for the period of October 1, 2004, through September 30, 2005, subject to extension) the City agreed to operate the District clinics (City/Travis County Community Health Centers) and to administer the District programs (including the City of Austin and Travis County Medical Assistance Programs) on behalf of the District. As of October 1, 2004, the District transferred to the City funding for indigent health care, and the City allocated those combined City and County funds to continue providing health care services to indigent and needy residents of the District.

On October 1, 2004, WHI began operations for the Community Care Services Department ("Department"), providing pharmacy services to patients, City and County, who are served by the Department on behalf of the District through the CHC network and MAP, and who have pharmacy benefits under District policy. Over the last seven months, the City has been paying WHI through separate payment mechanisms for services provided to City patients and County patients.

This requested amendment will increase the authorized limit on the City's agreement with WHI to include the amount estimated for the provision of services to County patients, whom the City has agreed to serve through its interlocal with the District. Higher-than-expected utilization of services and the continued provision of prescriptions to Medicare participants receiving services from private physicians will cause spending under this agreement to exceed the original amounts estimated last fiscal year, and approved by Council on the two June 2004 RCAs. However, the overall costs of dispensing pharmaceuticals have decreased, resulting in savings to the District.

Amendment One will increase the not-to-exceed amount for the initial contract term of October 1, 2004, through September 30, 2005, by \$1,260,243, and will increase the not-to-exceed amounts for each of the four extension options as follows: by \$1,397,638 for the first extension option, \$1,495,351 for the second extension option, \$1,623,823 for the third extension option, and \$1,787,566 for the fourth (and final) extension option. The new total not-to-exceed contract amount will be \$15,564,621.

YEAR	Original RCA Approved Amount	Requested Increase Amount	New Contract Amount
Year 1 (10-01-04 through 09-30-05)	\$1,200,000	\$1,260,243	\$2,460,243
Year 2 (first extension option)	\$1,400,000	\$1,397,638	\$2,797,638
Year 3 (second extension option)	\$1,600,000	\$1,495,351	\$3,095,351
Year 4 (third extension option)	\$1,800,000	\$1,623,823	\$3,423,823
Year 5 (fourth extension option)	\$2,000,000	\$1,787,566	\$3,787,566
Total Contract Amount	\$8,000,000	\$7,564,621	\$15,564,621